Appendix B

Four Areas of Work and Family Research:
Child Care, Elder Care, Family Medical
Leave Act, and Flexible Scheduling

State Work and Family Programs:
Tennessee, Maine, Minnesota, Ohio,
Vermont, New York

Appendix B
Four Areas of Work and Family Research:
ChildCare, ElderCare, Family Medical Leave Act, and Flexible Scheduling

I ChildCare

Executive Summary

The average American workweek has increased from 41 hours in 1973 to 44 hours in 1998. Leisure time has dropped by 37%. At the same time, women's increased participation in the workforce means that childcare problems are increasingly affecting males in families, although women still carry the primary burden of caregiving. 60% of married mothers with pre-schoolers participate in the labor force and rely on non-maternal care of children. Single parent households have seen a sharp increase over time.

Childhood illness is the major cause of employee absence. The 1990 National ChildCare Survey found half of employed mothers who reported that their child was sick in the last month missed work to care for their child. [i] *Childcare assistance by employers include resource and referral services, on-site and near-site services, financial assistance, after-school care, sick childcare, and support for family day care.*

Increased childcare costs have a strong negative effect on the labor force participation of married women. Subsidies to non-parental childcare such as employer provided childcare are likely to increase labor force participation of women with young children. [ii] *Married women work 4.5 fewer hours per week with children under six and work 3 fewer hours per week with children 6 – 12 than non-mothers.*[iii]

The Conference Board reports 70% of Americans believe companies should help employees with childcare.[iv] *It is estimated there are 11 million 'latchkey children' who are not supervised while their parents are at work. American families have been paying an increasing share of childcare bills. In 1991, childcare costs for employed mothers who paid for care averaged $63 per week, or 7 percent of income.* [v] *Nationally, low income families pay 25% of their incomes on childcare, while average income families pay 10% of family income on childcare.*

Governments provide assistance to day care through three types of subsidies 1) direct provision of day care, like Head Start 2) subsidies of private suppliers of day care facilities, such as tax breaks for employer provided day care 3) subsidies to consumers of day care, or parents. The federal Dependent Care Assistance Package Program (DCAP) allows employees to use pretax spending accounts for childcare expenses. States are responsible for setting standards of quality for childcare, and offer tax credits for employer provided child-care programs.

According to the National Survey of the Changing Workforce (NSCW 1997), 36% of employees receive childcare referral services, 9% receive on or near-site child care, 13% get financial assistance, and 50 % have Dependent Care Assistance Plans (DCAP).

Flexible benefits and reimbursement accounts have seen a dramatic increase from 1988 to 1993 according to the Employee Benefit Survey by the Department of Labor. For medium or small sized firms, dependent care accounts like DCAP have risen from 13% of employees to 53% of employees in 1993.[vi]

Growing numbers of corporations are offering resource and referral networks, but a minority subsidize or offer childcare directly. In areas with a shortage of affordable quality day-care slots, resource and referral can have limited use to some families. Results from a survey of U.S. corporations indicate over 50% of them offer a referral service for childcare. [vii]

A 1988 study by Kimball found that supervisors cited tardiness (83%), absenteeism (78%), scheduling (66%) and poor job performance (62%) as effects of inadequate child-care services. [viii] *A study by Galinsky, Bond and Friedman found that 44% of men and 76% of women with children under six missed work in the previous six months due to a family-related reason.* [ix] *Among married mothers with children less than six, 11.5% were absent on any given week of the year in 1989. (Bureau of Labor Statistics) Caring for sick children was a large factor for parent absenteeism .*[x] *For a 300-employee firm, the estimated annual cost of providing child related time off is $88,000.*[xi]

Women in skilled jobs are difficult to find and costly to replace. Employers are likely to value continuous employment and short leaves of absences. Reliable childcare available at a low cost could enable women to reenter the workforce more quickly.

The Union Bank in California attributed an on-site child care center to 1.7 fewer days away from work per year and a return of 1.2 weeks sooner from maternity leave. A Fortune 500 company in 1987 *discovered that before a childcare and support system was offered, 25% of its female workers left their jobs after taking maternity leave. Only 2% left after the new policy was implemented, saving substantial money in training costs.*

In the Business Work-Life Study (BWLS,1998), 36% of companies perceived the benefits of childcare programs outweighed the costs, 40% perceived benefits as cost-neutral, and 24% perceived a negative return on investment. Assuming that these companies' perceptions were accurate, 76% of companies saw a zero cost or net savings due to childcare benefits. Of the quasi-experimental studies that compare users of employer provided childcare with non-users, (Marquart 1998, Dawson et al 1984, Youngblood et al 1984, Gomez et al 1976, Krug et al 1972), all reported positive effects on reduced absenteeism, reduced job turnover, and improved job retention.[xii] The implementation of an on-site childcare at a bank saved $35,000 in missed days at work and $63,000 - $157,000 in reduced turnover annually.[xiii] A study by the National Council of Jewish Women found benefits of child-care supports may outweigh costs. When employers offered four or more childcare benefits, the portion of women with problems with daycare fell from 52% to 2%.[xiv] The pharmaceutical firm Merck estimates it saves $3 for every $1 it spends on family care.[xv] A survey of 139 employers ranked the top three advantages in offering child care benefits, including on and offsite childcare, emergency care, and referral services, to be higher morale, less absenteeism, and improved public image. The top three difficulties were organizational costs, employee costs, and perceived inequality of programs by employees.[xvi]

The problems employees face in dealing with childcare problems are categorized into three groups: time conflicts with child care and work, availability of quality care, and affording quality care. 45% of women and 23% of men have significant problems with childcare. 65% of women with infants view childcare as a problem while 38% of men do. There is increasing evidence that these child care conflicts are causing conflicts at work. The limited supply and quality of affordable childcare causes working parents to miss work or feel stress about their children in someone else's care. The match between local supply and demand of childcare determines how difficult it is to obtain childcare.

Quality issues account for the highest source of stress for parents. Sick childcare, infant care, school-age care, and pre-school care were the top four kinds of childcare difficult to find in one study. Studies link higher absence rates to difficulties finding childcare.[xvii] Childcare breakdowns also account for work and family conflicts. The National ChildCare Survey (1990) reports 15% of mothers report lost time from work due to childcare breakdowns.

Little evidence suggests there is any harm to children because of the full time employment of mothers after the age of one.[xviii] However, the quality of childcare is an important determinant of children's success later in life.[xix] Christopher Ruhm's recent working paper suggests that maternal employment during the first three years of a child's life has a small negative impact on verbal ability of 3 and 4 year olds and a substantial negative impact on reading and math scores for 5 and 6 year olds.[xx]

Both users and non-users of an on-site childcare reported the supervisor as more influential than the organization's policies in helping them deal with childcare problems. Training for supervisors on work and family issues is important to enhance responsiveness to parents' stress in childcare problems. The resource and referral service in the same study ended up serving more employees at a smaller cost, but the referral service relied on local availability of childcare. Multi-component programs combining several childcare benefits incorporate the flexibility employees need in juggling work and family and are more cost-effective. Meeting employees' needs in designing a childcare benefit program is vital. Before designing the program, assessing the supply, availability and costs of childcare in the community is critical. Infant care, after hours care, sick child care, and before and after school care are consistent shortages in communities. A major cause of employee absence is the illness of a child.[xxi]

Child Care

The focus on the effects of work/family programs on employers is one aspect of research, while other researchers focus on the concerns of parents or the effects on child development and the parent-child relationship. Childcare assistance by employers include resource and referral services, on-site and near-site services, financial assistance, after-school care, sick childcare, and support for family day care. The assistance can be directly provided or indirectly through referral or in-kind support (1991). [xxii] Childhood illness is the major cause of employee absence of employees who are parents. The 1990 National ChildCare Survey found half of employed mothers who reported that their child was sick in the last month missed work to care for the child. [xxiii]

Incidence and Society

- Leibowitz et al [xxiv](1999) has reported that over 60% of married mothers with pre-schoolers participate in the labor force and rely on non-maternal care of children. The quality of childcare is an important determinant of children's success later in life.
- Subsidies to non-parental childcare (for example, employer provided childcare, private childcare facilities and government provided care) are likely to increase labor force participation of women with young children. [xxv]Increased childcare costs have a strong negative effect on the labor force participation of married women.
- Of mothers with children under the age of 5 in 1991, 23% used day care centers, 31% used family day care in private homes, 20% had care given by fathers, and 16% had care provided in their own homes.[xxvi] Two-thirds of employed parents rely on partners or relatives to provide some childcare.
- It is estimated there are 11 million 'latchkey children' who are not supervised while their parents are at work.
- The revenue of the childcare industry is estimated at $30 to $40 billion per year .[xxvii]
- The Conference Board reports 70% of Americans believe companies should help employees with childcare.
- Married women with children under six, who work reduce labor supply by 4.5 hours per week, and by 3 hours per week for children 6 – 12. [xxviii]

Costs

- In 1991, childcare costs for employed mothers who paid for care averaged $63 per week, or 7 percent of income. Poor families spent 25% of their income on childcare. [xxix]
- American families have been paying an increasing share of childcare bills.
- Families, especially women, have borne the primary costs of rearing young children in terms of lost opportunities, lower earnings and retirement savings, shorter careers, and reduced access to high-powered jobs.

Government's Role

- Governments provide assistance to day care through three types of subsidies 1) direct provision of day care, like Head Start 2) subsidies of private suppliers of day care facilities, such as tax breaks for employer provided day care and 3) subsidies to consumers of day care, or parents.
- An example is the Child Care Tax Credit (CCTC) which offers a tax credit equal to 20 to 30 percent of child care expenses up to $2,400, and up to $4,800 for families with two or more children. The CCTC is available to families who pay income taxes only. The federal Dependent Care Assistance Package Program allows pretax spending accounts up to $5000 of earnings to be used for childcare expenses. Employers benefit because they don't pay Social Security or Unemployment Insurance taxes on DCAP payroll deductions. The program has been criticized as favoring middle to upper income families. [xxx]
- States are responsible for setting and enforcing quality standards for childcare, and are increasingly challenged by the increasing demand and decreased funding for childcare. (GAO, 1994)
- States are increasingly offering tax credits to employers' child-care programs. In 1988, California offered employers a 30% tax credit up to $30,000 for the cost of establishing a care program or facility for children, and a 50% credit of up to $600 per employee per year in operating costs. It expired in 1991.
- Most European countries offer near universal childcare for children ages 3 to 5. [xxxi]

Workplace Benefits

- Employers are more likely to provide low or no cost benefits for childcare than more costly benefits. According to the National Survey of the Changing Workforce (NSCW 1997), 36% of employees receive childcare referral services, 9% receive on or near-site child care, 13% get financial assistance, and 50 % have Dependent Care Assistance Plans (DCAP), which allow pretax earnings saved for childcare expenses. With the exception of DCAP's, the incidence of employer provided childcare benefits have remained constant since 1992, when the first study occurred. 12% of employers were considering an on-site child care center, and 12% contemplating resource and referral services.

- Flexible benefits and reimbursement accounts have seen a dramatic increase from 1988 to 1993 according to the Employee Benefit Survey by the Department of Labor. For medium or small sized firms, dependent care accounts, that allow workers to set aside pretax earnings to pay for child care or elder care, have risen from 13% of employees to 53% of employees in 1993 .[xxxii]
- Growing numbers of corporations are offering resource and referral networks, but a minority offer childcare directly or through subsidies. In areas with a shortage of affordable quality day-care slots, resource and referral can have limited use to some families. Results from a survey of U.S. corporations indicate over 50% of them offer a referral service for childcare. [xxxiii]

<u>Employers</u>

- A 1988 study by Kimball found that supervisors cited tardiness (83%), absenteeism (78%), scheduling (66%) and poor job performance (62%) as effects of inadequate child-care services. [xxxiv]

Absenteeism

- A study by Galinsky, Bond and Friedman found that 44% of men and 76% of women with children under six missed work in the previous six months due to a family-related reason.
- Among married mothers with children less than six, 11.5% were absent on any given week of a year in 1989. This rate is 6.6% for all women overall and 4% for men overall. (BLS Report, 1990) Many employers have become motivated to help working mothers find reliable childcare. [xxxv]
- Perry found in 1988 that 46% of employees with children under 12 had missed one day of work due to childcare in the previous year. A review of studies by Emlen estimated that female employees in dual-income families with children miss 50% more days per year than men due to caregiving duties.
- Caring for sick children was a large factor for parent absenteeism .[xxxvi] For a 300-employee firm, the estimated annual cost of providing child related time off is $88,000. [xxxvii]
- The Union Bank in California attributed an on-site child care center to 1.7 fewer days away from work per year and employees returned from maternity leave 1.2 weeks sooner.
- Coors calculated that at the company's rate of absences due to sick children, (2.5 days every 6 months) cost $850,000 to $1.2 million per year.

Turnover

- Women in skilled jobs are difficult to find and costly to replace. Employers are likely to value continuous employment and short leaves of absences. Reliable childcare available at a low cost could enable women to reenter the workforce more quickly.
- A Fortune 500 company in 1987 discovered that before a childcare and support system was offered, 25% of its female workers left their jobs after taking maternity leave. Only 2% left after the new policy was implemented.
- A 1984 study by Dawson found that of 17 companies that sponsored child-care centers, 53% of the companies reported a zero turnover rate.

Cost Effectiveness of Benefits

- In the Business Work-Life Study (BWLS ,1998), 36% of companies perceived the benefits of childcare programs outweighed the costs, 40% perceived benefits as cost-neutral, and 24% perceived a negative return on investment.
- Studies of employer-supported child care programs, from resource and referral services to on-site childcare show that of the quasi-experimental studies that compare users with non-users, (Marquart 1998, Dawson et al 1984, Youngblood et al 1984, Gomez et al 1976, Krug et al 1972), all reported positive effects on reduced absenteeism, reduced job turnover, and improved job retention. [xxxviii] Marquart's study of a hospital onsite daycare showed a statistically significant difference in recruitment, satisfaction with childcare, and intention to continue employment at the hospital between users and non-users (1989).
- Two cost benefit analyses (Ramson et al 1989, Tate 1984) report cost savings of childcare benefits reported by human resource managers. The implementation of an on-site childcare at a bank saved $35,000 in missed days at work and saved $63,000 - $157,000 in reduced turnover annually. (Ransom et al, 1989) Users of an on-site center at a textile company estimated $6 in savings for every $1 spent

on childcare. (Tate, 1984) Surveys of employers (Barud et al 1984, Magid 1982,Perry 1982) reported improved morale and positive attitudes toward the company, lower absenteeism and less turnover. [xxxix]

- A case study of Intermedics indicated that it saved more than $2 million dollars in the first two years of an on-site child care facility's operation, due to decreased job turnover, reduced absenteeism, and better ability to recruit quality female employees. (1979)
- One personnel manager of Hoffman LaRoche reported a reduction in absenteeism and tardiness and increased productivity by having an on-site child care center. Many other companies reported similar savings and benefits from on-site day care facilities. Annual turnover dropped 63%. [xl]
- A study by the National Council of Jewish Women found benefits of child-care supports may outweigh costs. When employers offered four or more childcare benefits, the portion of women with problems with daycare fell from 52% to 2%. A software company found that a childcare center decreased the national average turnover rate of 25% to 7% annually. The Bureau of National Affairs surveyed 691 employees whose children attended company-operated or sponsored daycare and found 63% had a more positive attitude about their company, 69% were encouraged to stay at their company, and 38% selected their company because of childcare assistance. [xli]
- A 1984 survey reported providing child/eldercare benefits gives employers an edge. 90% reported improved morale, 85% reported enhanced recruitment, and 65% reported decreased turnover. Given the current tight labor market, measures that help recruit and retain employees are useful. [xlii]
- The pharmaceutical firm Merck estimates it saves $3 for every $1 it spends on family care. [xliii]
- A survey of 139 employers ranked the top three benefits of offering child care benefits, including on and offsite childcare, emergency care, and referral services, to be higher morale, less absenteeism, and improved public image. The top three difficulties were organizational costs, employee costs, and perceived inequality. [xliv]

Employees

- Fernandez's study indicates the greatest concern to employees surveyed is finding care for a sick child, (40%), going to school activities during work hours, (39%), and handling children's medical appointments (34%). The problems employees face in dealing with childcare problems are categorized into three groups: time conflicts with child care and work, availability of quality care, and affording quality care. Fernandez's findings indicated an increase in employees who find it difficult to balance work and family responsibilities.[xlv]
- The average American workweek has increased from 41 hours in 1973 to 44 hours in 1998. Leisure time has dropped by 37%. Women's increased participation in the workforce means that childcare problems are increasingly affecting males in families, although women still carry the primary burden of caregiving. 45% of women and 23% of men view having significant problems with childcare. 65% of women with infants view childcare as a problem while 38% of men do.
- A Galinsky and Hughes study reported 68% of women with children under six reported work and family responsibilities interfered with each other. [xlvi]42% of women with infants report childcare problems impair their effectiveness at work. Twice as many women as men believed that childcare problems caused ill effects at work.
- Women decide whether to return to work based upon available quality and affordable childcare and potential for flexible work schedules. [xlvii]
- The limited supply and quality of affordable child care causes working parents to miss work or feel stressed about their children in someone else's care.
- The largest growth in demand is for center based care. [xlviii] Various childcare problems result in full-day or part-day absences and lateness at work.[xlix]
- Inability to pay for quality care results in work related problems. Low income families pay 25% of their incomes on childcare, and the national average is 10% of family income. Quality issues account for the highest source of stress for parents.
- Working parents at a hospital resorted to a variety of strategies to care for a sick child in one study, including a day off without pay (36%), a personal sick day (30%), and vacation (24%). Another study in Oregon reported 50% of employees in 33 companies took a vacation day when children were sick. Two-thirds of parents who took time off work did not want their children home alone when sick. The Family Medical Leave Act (1993) guarantees job-protected but unpaid leave to qualifying full-time employees to care for a sick child.

- Employees who have difficulty finding care for children are twice as likely as others to be dissatisfied with childcare arrangements, causing stress at work. The match between local supply and demand of childcare determines how difficult it is to obtain childcare.[l]
- Sick childcare, infant care, school-age care, and pre-school care were the top four kinds of childcare difficult to find in one study. Studies link higher absence rates to difficulties finding childcare. [li]A GAO report (1999) finds that off-hour, infant and special needs care are difficult to find for low-income parents.
- Childcare breakdowns also account for work and family conflicts. The National ChildCare Survey (NCCS, 1990) reports 15% of mothers report lost time from work due to childcare breakdowns.

Child Development and Health

- Little evidence suggests there is any harm to children of the full time employment of mothers after the age of 1. [lii]
- Christopher Ruhm's recent working paper suggests this research may be overly optimistic. His research indicates that maternal labor supply during the first three years of a child's life has a small negative impact on verbal ability of 3 and 4 year olds and a substantial negative impact on reading and math scores for 5 and 6 year olds. [liii] Early employment in the first year of life had the most substantial negative impact.
- The quality of childcare is consistently found to have an important effect in child development. [liv]

Conclusion

In Marquart's study, both users and non-users of on-site childcare reported the supervisor as more influential than the organization's policies in helping them deal with childcare problems. Training for supervisors on work and family issues is important to enhance responsiveness to parents' stress in childcare problems. The resource and referral service in the Marquart's study ended up serving more employees at a small cost. Multi-component programs combining several benefits incorporate the flexibility employee's need in juggling work and family and are more cost-effective. Meeting employees' needs in designing a childcare benefit program is vital. Before designing the program, assessing the supply, availability and costs of childcare in the community is critical. (Ibid.) Infant care, after hours care, sick child care, and before and after school care are in consistent short supply in communities. A major cause of employee absence is the illness of a child.

II Elder Care

Executive Summary

There are over 40 million elderly Americans over 65 (1999). This figure will dramatically increase by 2010 when 'baby-boomers' begin to reach retirement. In 1994, 7.3 million elderly required some type of assistance with daily living, and less than 25% of them were in nursing homes. Of those caregiving for the elderly in 1996, 72% were women. 64% of female elder caregivers are working. An estimated 22.4 million households (25% of total) provided assistance to an elderly person in 1997. 41% of them are caring for children also. 50% reported taking time off work, being late or working fewer hours. 6% quit and 3% retired early because of the caregiving responsibilities. The average length of caregiving is 4.6 years. (1996) More than half of Americans report the likelihood to care for an elderly parent or relative in the next 10 years (1998). Researchers (1999) place the annual cost of caring for the frail elderly at $196 billion in 1996.

Within the next five years, 37% of U.S. workers will be more concerned about caring for elderly relatives than a child. [lv] *More employees will have dependent elders than dependent children in the 21st century, and 19 million more elderly will become dependent by 2040.* [lvi] *According to one survey, 40.8% of daughters and 29.6% of sons involved in caregiving had either quit their jobs or made work adjustments to accommodate care demands. Major elder care giving is reported by 8% of employees. 25% of elder caregivers were responsible for more than one adult dependent. Employees spend on average 12 hours per week providing care.*

26% of female and 15% of male adult children aged 53 to 63 have helped their parents for 100 or more hours in the last year. Out of almost 6,500 working adults with a living parent, women co-residing with a parent work 2.65 hours less per week, while men work 2.93 hours less per week due to caregiving responsibilities. [lvii] *Caregiving of a elderly parent reduced a daughter's labor supply by 460 hours a year, resulting in an average of $7,800 in reduced earnings (1994 dollars) per year, not including lost retirement benefits and savings.*[lviii]

Financial costs of providing care informally in the home can be great. [lix]*This is especially true for caregivers who quit their jobs or retire early to provide care. Lost retirement savings, benefits, and pensions intensify the costs. The MetLife study(1999) estimated an average loss of wage wealth of $566,443 over a lifetime as a result of caregiving for elderly family members.*

Full time employees average $107 per month in eldercare expenses. Only 10% of caregivers in one study reported hiring home help or being able to afford respite care, and 28% reported no vacation in the last two years. Over half of employees in two surveys had difficulty-finding eldercare. On average, 45% of caregivers reported working less effectively due to worry about their elder care responsibilities. Few public programs exist to support family caregivers. The Family and Medical Leave Act of 1993 requires employers to provide up to 12 weeks of unpaid leave to care for parents or spouses. The fall in mortality and fertility rates and increasing participation of women in the labor force increase the pressure on families to care for elderly family members. [lx]

MetLife (1999) estimates the aggregate costs in lost productivity to U.S. businesses of caring for the elderly between $11 billion to $29 billion annually. Employees report 65% used sick days or vacation time, 33% decreased work hours, and 22% used a leave of absence to care for an elder. Employers find caregiving takes a toll on worker productivity and boosts employee turnover, absenteeism and early retirement. The National Long-Term Care study found 29% of all caregivers rearranged schedules at work to accommodate eldercare responsibilities while 9% of them quit their jobs. The complex nature of caregiving often increases stress levels, absenteeism and quit rates beyond those caused by childcare.

2% of state and local governments offered long term care insurance plans to full time employees in 1992.[lxi] *23% of companies with 100 or more employees reported programs to support caregivers (1999).*[lxii] *60% of caregivers reported seeking support with informal arrangements at work. 30% of employers offer eldercare programs. A national survey of private sector establishments indicate 9% offer elder care referral services (1999).* [lxiii]

Elder Care

Incidence and Society

- There are over 40 million elderly Americans over 65 (1999). This figure will dramatically increase by 2010 when 'baby-boomers' begin to reach retirement. There were 32 million seniors total in the US in 1997.
- Life expectancy in 1995 was 76 years. In 1994, 7.3 million elderly required some type of assistance with daily living, and 1.6 million of them (5% of total elderly) were in nursing homes.
- Of those care giving for the elderly in 1996, 72% were women. 64% were working women. An estimated 22.4 million households (25% of total) provided assistance to an elderly person in 1997. 41% of them are caring for children also. 50% reported taking time off work, being late or working fewer hours as a result of caregiving. 6% quit and 3% retired early because of the caregiving responsibilities. The average length of caregiving is 4.6 years. (AARP/National Alliance for the Caregiving study, 1996)
- More than half of Americans report the likelihood that they will care for an elderly parent or relative in the next 10 years. (National Partnership for Women and Families Poll, 1998)
- An increase in life expectancy, the aging of baby boomers, and a decrease in co-residence with children means more elderly than ever are living alone or with spouses. Few of them live in institutionalized care. Many of them depend upon assistance from children and/or healthy spouses. (Schoeni, 1997, Wolf et al, 1998, LoSasso et al, 2000)
- Arno, Levine and Memmott (1999) place the annual cost of the family caring for the frail elderly at $196 billion in 1996.
- Within the next five years, 37% of U.S. workers will be more concerned about caring for elderly relatives than a child. [lxiv]
- The Conference Board study "Juggling the Demands of Dependent Care" reports 94% of employers believe the impact of caregiving will be increasingly important within the next five years.
- According to the Informal Caregivers Survey (ICS), 40.8% of daughters and 29.6% of sons involved in caregiving had either quit their jobs or made work adjustments to accommodate care demands.
- Among 150 caregiving families of the elderly interviewed at the Philadelphia Geriatric Center, over ¼ of non-working female caregivers had left the labor force to care for mothers. Another 26% were considering quitting or cutting back on hours. [lxv] Creedon (1987) notes 11.6% of all caregiving daughters leave employment due to caregiving.
- 75% of seniors live with or near their families and a small portion live in nursing homes (5%). The National Council on Aging reports 6.6 million dependent elders need some assistance from others. (Estimated to be 9 million in 2000). More employees will have dependent elders than dependent children in the 21st century, and 19 million will become dependent by 2040. [lxvi]
- Major caregiving is reported by 8% of employees. The American Association of Retired Persons and Opinion Research Corporation (AARP-ORC) report that 25% of caregivers were responsible for more than one adult dependent. The responsibilities that caregivers assume include transportation to the grocery store to looking for a nursing home. Employees spend on average about 12 hours per week providing care. Women are more likely to be the primary caregivers.
- Adult children account for 42% for all caregivers of elderly recipients. [lxvii]The portion of Americans in their final year of life has increased the last two decades. 26% of female and 15% of male adult children aged 53 to 63 have helped their parents for 100 or more hours in the last year. Of this group, women on average spent 600 hours helping parents during the last year. If we evaluate only children with at least one surviving parent in both 1994 and 1996, the figure increases to 40% of women and 26% of men helping with chores or personal care of elderly parents. [lxviii]Children were less likely to assist if a married partner is living, because the surviving healthier spouse was able to provide care.

Caring for the elderly has a large negative impact on labor supply of both male and female caregivers.

- In a study reported in 'The Opportunity Costs of Elder Care', out of almost 6,500 working adults with a living parent, women co-residing with a parent work 2.65 hours less per week while men co-residing with a parent work 2.93 hours less per week due to caregiving responsibilities. [lxix]However, the only statistically significant result in the study was for women caring for parents outside the home, causing

2.14 hours in reduced weekly work time. Caregiving has a larger impact overall on women's working hours than men due to its statistical significance and the larger number of women who are caregivers.

- Studies predict some conflicting evidence. Some show large statistically significant reductions and others small insignificant reductions in the labor supply of caregivers and caregiving women. [lxx]
- Anthony Lo Sasso and Richard Johnson's model (2000) predicts a statistically significant result: the caregiving of a elderly parent reduced a daughter's labor supply by 460 hours a year, resulting in an average of $7800 in reduced earnings in 1994 dollars, not including reduced retirement benefits and savings. [lxxi]

Employers

Costs and Effectiveness of Benefits

- Dependent Care Connections (DCC) estimates the cost of running elder care programs, with resource kits, a resource library, and eldercare fairs, as low as $1 to $2 a month. DCC estimated the return on investment for a company to be $300,000 due to enhanced productivity and fewer distractions.[lxxii]

Costs of Not Having Benefits

- MetLife estimates the aggregate costs in lost productivity to US businesses of caring for the elderly to be $11.4 billion annually.
- The MetLife study (1999) estimated the loss to US employers of between $11to $29 billion per year.[lxxiii] Employees report 65% used sick days or vacation time, 33% decreased work hours, and 22% used a leave of absence to care for an elder. 84% reported making phone calls at work, 69% arriving late or leaving early, and 68% taking time off during the day. 29% passed up a job promotion or assignment.
- Employers find caregiving takes a toll on worker productivity and boosts employee turnover, absenteeism and early retirement. One quarter of the survey respondents with health problems report their ability to work was affected by health problems related to caregiving. 10% reported their work was greatly affected.
- According to Aon Consulting's workforce commitment study, workers missed an average of 15.1 days per year because of personal matters in 1998. Increases in caring for the elderly fuel the 10% increase since 1995. [lxxiv]
- The Conference Board reports that lost productivity due to eldercare costs companies over $11.4 billion per year.
- The University of Pennsylvania calculated the loss to business of $33 billion for Alzheimer's disease alone.
- The National Long-Term Care study found 29% of all caregivers rearranged schedules at work to accommodate eldercare responsibilities. Between 9% and 19% of employees reported missed days at work due to caregiving. The AARP study reported 33% of employees leave work early or come late due to eldercare responsibilities. The average number of times late due to elder caregiving was 14.4 times for another study.
- Elder care responsibilities may lead employees to quit their jobs. The Long-Term Care study found 29% of caregivers considered quitting, while 9% did quit their jobs. Other studies report similar findings. [lxxv]
- Problems with elder care are associated with inadequacies with social services available in the community. [lxxvi]The complex nature of caregiving often increases stress levels, absenteeism and quit rates beyond those caused by childcare.

Employees

Benefit Incidence

- 23% of companies with 100 or more employees reported programs to support caregivers. [lxxvii] 60% of caregivers reported seeking support with informal arrangements at work.
- 30% of employers offer eldercare programs (Work/Life Benefits).
- A national survey of private sector establishments by Department of Labor indicate 9% offer elder care referral services. [lxxviii]
- According to the Employee Benefits Survey, elder care benefits have increased from a handful of firms in 1988 to one third of employees surveyed in 1993.[lxxix] Unfortunately, the study does not distinguish between 'resource and referral networks' or direct subsidies for elder care benefits.
- Access to group insurance pools for long term care has not increased substantially over the same time period. Flexible benefits or reimbursement accounts have seen a dramatic increase from 1988 to 1993

according to the Employee Benefit Survey. For medium or small sized firms, dependent care accounts where workers set aside pretax earnings to pay for child care or elder care have risen from 13% of employees to 53% of employees in 1993. [lxxx]

- In 1993, 33% of full time employees in small firms had some form of elder care assistance with paid leave, employer sponsored adult care, employer subsidized day care, and leave of absence policies.
- Hewitt Associates surveyed Fortune 500 firms and found one third offered some form of elder care assistance in 1996, a 17% increase from 1991. 79% offered resource and referral programs while 25% offered long term care insurance.
- A 1994 study estimated 6% of employees in medium and large businesses and 1% of employees in small firms were eligible for the offered long term care insurance.
- 2% of state and local government offered long term care insurance plans to full time employees in 1992.[lxxxi] Employees typically funded the plans. 4% of public employers offered eldercare benefits with subsidized costs of caring for the elderly to full time employees.

Costs to Employees

- Financial costs of providing care informally in the home can be great. This is especially true for caregivers who quit their jobs or retire early to provide care. Of those who work and provide care, 459 annual hours of work hours are lost for women translating to $7,800 in pretax lost wages per year in 1994 dollars. (1999) Lost retirement savings, benefits, and pensions confound the costs. [lxxxii]
- The MetLife study estimated an average loss of wage wealth over a lifetime of $566,443 as a result of caregiving for elderly family members. On average, lost Social Security income equaled $25,494. A loss of $67,202 in pension wealth was the average. The total loss over a lifetime was $659,139 per caregiver. In addition, the caregiver paid $19,525 in out of pocket expenses, on average. 33% perceived a negative impact on their own health due to caregiving responsibilities.
- 10% to 34% of employees have some responsibility for an aging relative.
- Most elder care requires out-of-pocket expenses. Medicare and Medicaid do not cover daycare or respite expenses for adults. Full time employees average $107 per month in eldercare expenses. Only 10% of caregivers in the AARP study reported hiring home help or being able to afford respite care, and 28% reported no vacation in the last two years. 35% of caregivers had responsibility for relatives living over 100 miles away. Many employees (50%) using eldercare referral services are responsible for elders living 100 or more miles away.
- Over half of employees in two surveys had difficulty finding eldercare. On average, 45% of caregivers reported working less effectively due to worry about their elder care responsibilities. Stress is consistently reported by caregivers of the elderly, who can become depressed if they experience a lack of a respite from caregiving. Caregivers have less time for leisure and time with their family members.
- Employees who care for an elderly relative or parents spend on average 12 hours a week providing care.
- Women who devote 2 or more hours per week of helping their parents work 43% fewer hours than women overall.

Conclusion

Few public programs exist to support family caregivers of the elderly. One federal initiative is the Family and Medical Leave Act of 1993 which requires employers to provide up to 12 weeks of unpaid leave to care for family members. The fall in mortality and fertility rates and increasing participation of women in the labor force increase the pressure on families to care for elderly family members. [lxxxiii] Medicaid and Medicare provide assistance to the most infirm and needy only.

Flexible work schedules, such as reducing hours worked in job-sharing, compressed workweeks, part-time work, or flexibility when employees work with flextime, make work and family obligations less stressful for employees. Long-term care insurance plans, on or off-site adult day care, referral and education programs, and pretax earnings accounts all help ease elder care and work conflicts for employees.

III The Family Medical Leave Act (FMLA)

Executive Summary

Under the Family Medical Leave Act (FMLA), qualified employees are guaranteed job-protected unpaid family and medical leave plus benefits in order to recover from their own illness, to care for an ill family member, or to get pregnancy/parental leave for the birth or adoption of a child. The legislation covers up to 12 weeks of unpaid leave. The FMLA covers employees who have worked 1250 hours in the previous year at a workplace with over 50 employees. The 1993 FMLA recognized blended families by including stepchildren, biological children, adopted children, foster children, legal wards and legal guardians' children. Elder care benefits generally recognize traditional family relationships, and the FMLA covers parents only.

The Institute for Women's Policy Research (IWPR, 1990) estimate costs borne by workers due to childbirth, illness and dependent care were over $100 billion annually in 1990.[lxxxiv] *They estimate costs due to the lack of a maternity/paternity leave policy prior to the FMLA as $607 million in lost wages and $108 million in income assistance programs.*

The FMLA will have mitigated some but not all of these costs, by protecting job status and work benefits like health insurance. Lost wages are not replaced under the FMLA unless the workplace voluntarily offers the benefit. Prior to the FMLA, the United States was the only industrialized nation that did not have a federal law requiring job-protection for maternal leave.

Jane Waldfogel (1999) assessed states in the United States and the effects of the FMLA in 1993 on women's wages and employment participation. The FMLA covers less than half of all employees in the private sector. Waldfogel finds that the FMLA did in fact lead to increased coverage and usage of maternal leave for working women without imposing significant costs in terms of lower employment or wages for women overall. She calculated a zero net effect for women's employment and wage effects by comparing states without family leave to states with family leave after the implementation of the FMLA.[lxxxv]

The FMLA has caused a 23% increase in leave-taking by women with children under the age of 1 in states without a prior law on parental leave (1995). In all states, women with children under 1 experienced a 7.6% increase in employment in 1995. Men are more likely to take leave for their own illnesses, while women are likely to take leave to care for others. 58% of leave takers were women, and 42% were men..

The percentage of full time employees in medium to large firms whose employers provided maternity leave were 35% in 1988 and 86% in 1996. In 1997, 93% of full-time employees in medium to large businesses were eligible for unpaid family leave as regulated by the FMLA. 3% of workers in the 1996 study by the Commission on Family and Medical Leave (CFML Report, 1996) had used the unpaid leave benefit provided by the FMLA. The average length of leave was just over 5 weeks (37 days) out of the 12 weeks provided by the Act. Paid family leave benefits were offered by 3% of firms in 1993 compared to 2% in 1988.

40% of employees report they are likely to take leave for an FMLA reason sometime within the next five years. One-third of hourly workers receive full pay during leave, while three quarters of salaried workers do. 43% of hourly workers are unpaid during leave.

Results of the Commission on Family and Medical Leave survey (CFML Report, 1996) indicated the most frequent reason for employees not to take leave is they couldn't afford it (64%). Leave needers were workers who needed leave but were not covered by the Act or could not take time off. A quarter of employees did not qualify for FMLA due to working less than 1250 hours the previous year.

The loss in earnings of women who do return to work after childbirth is estimated to be $12.9 billion dollars annually or $8460 per woman. 22.1% of all employees worried over losing their jobs through taking family leave. 21.9% were concerned leave hurt their chances for advancement. 12.8% were concerned about losing seniority. (CFML Report, 1996)

About 2/3 of firms with over 250 employees reported a positive effect of helping employees care for family members. The FMLA has made a significant difference to employees trying to sustain family lives and work lives. Knowledge and attitude of leave takers' supervisors played a key role in influencing the quality of leave.

The General Accounting Office (GAO) reported that employers experience minimal additional costs because of parental leave policies allowing unpaid absences from work due to childbirth or illness. The estimated costs to employers are largely the cost of maintaining health insurance during the leave. Reduced productivity and retraining costs can be considerable if employees do not return to work. The FMLC Survey of Workers and Employers showed 90% of employers affected by the law reported no or small costs associated with administering the FMLA. More than 85 % of employers reported no noticeable effects of FMLA on employee turnover, absences or productivity. [lxxxvi]

89.2% of the employers surveyed reported that administrating the FMLA caused a small increase in costs. The average employer's cost of maintaining health insurance for an employee on leave was $250/mo. in 1993 dollars. 10% of firms with 251 to 500 employees reported cost savings from complying with FMLA. 12.6% report positive effects on employee productivity, and 8.3% report positive effects on employee career advancement. Smaller employers report the FMLA less burdensome to implement than larger businesses.

A more extensive leave policy beyond the twelve weeks offered by the FMLA is based on the idea that parental care is better than non-parental care and that it strengthens families. [lxxxvii] *Another argument is that it allows women the choice between caring for her young children or working. Most research suggests that parents working full time does not harm children over the age of 1.* [lxxxviii] *The evidence of the harm to children of working parents during a child's infancy is mixed. Christopher Ruhm (1998) has studied the effects of parental leave on child health and concluded that parental leave is favorable and a potentially cost effective method of improving pediatric health.*

The Family Medical Leave Commission's report recommends employers offer wage replacement for all leave takers. Not being able to afford leave is the primary cause of not taking it. Employers should consider voluntary temporary disability insurance and provide wage replacement during family and medical leave. Some states are considering voluntary progras allowing Unemployment Compensation benefits to be utilized for FMLA recipients (August 2000).

FMLA

Society and Incidence

Under the Family Medical Leave Act (FMLA), qualified employees are guaranteed job-protected unpaid family and medical leave plus benefits in order to recover from their own illness, to care for an ill family member, or to get pregnancy/parental leave for the birth or adoption of a child. The legislation covers up to 12 weeks of unpaid leave and covers employees who have worked 1,250 hours in the previous year at workplaces with over 50 employees.

Pre-1993

Research on parental and family medical leave prior to the FMLA's implementation in 1993 is relevant to workers who do not qualify and/or can not afford to take unpaid leave. Prior to 1993, almost half the states had some kind of family and medical, parenting or pregnancy-disability law. [lxxxix] Five states, including California, had some kind of partially paid leave, enacted as part of state temporary disability legislation to which the Pregnancy Discrimination Act now applies. [xc] It is estimated that approximately 40% of working women in 1983 had some form of job/benefit protected leave and a cash benefit to replace a portion of lost earnings for about 6 to 8 weeks after childbirth. Unmarried, low-wage, part-time, younger and less educated workers were less likely to have such benefits. These women were also more likely to experience a disproportionate loss in earnings within the first two years after childbirth.[xci]

- Prior to the FMLA, large and unionized firms were more likely to have maternity leave policies, and 11 states had job protected maternity leave laws. Caring for sick children was a big reason for parent absenteeism .[xcii]
- An Institute for Women's Policy Research (IWPR) estimated costs borne by workers due to childbirth, illness and dependent care as over $100 billion annually in 1990. The costs to workers and society were many times greater than the costs to employers in implementing a family leave policy.[xciii]
- The lack of temporary medical leave cost $12 billion in lost earnings (1986 dollars) annually, and cost taxpayers $4.3 billion in transfer payments. The FMLA will have mitigated some but not all of these costs, by protecting job status and work benefits like health insurance. Lost wages are not replaced under the FMLA unless the workplace voluntarily offers the benefit.
- The Institute of Women's Policy Research (IWPR) projects that the lack of leave for parents create significant lost wages. Nationally, the lack of a family leave policy cost the U.S. $607 million annually. This figure reflects the lost earnings of new mothers who are unable to return to their former jobs because employers did not have parental leave policies. The lack of job protected leave also cost $108 million in income assistance programs.
- The lack of FMLA costs $8 billion annually to taxpayers by one estimate. An estimated 2.3 million women give birth or adopt annually, and over 20 million workers miss more than 50 hours of work due to their own or a family member's illness. Workers without a leave policy suffer substantial losses in earnings.
- In California, IWPR estimated approximately 277,00 employees out of 13 million employees (1989) would take advantage of the FMLA annually. California already had a statewide leave policy prior to the FMLA, but the FMLA expanded coverage.

Post 1993

- The FMLA ensures job-protection rights for qualified workers taking leave. However, it does not cover wage replacement due to family or medical leave.
- As of 1993, 54% of new mothers were back at work within a year of their child's birth. Prior to the FMLA, the United States was the only industrialized nation that did not have a federal law requiring job-protection for maternal leave.
- Given paid maternity benefits increase the time spent away from work, and given the increasing costs of retraining and finding skilled replacements, employers may be more reluctant to hire or promote women of childbearing age. However, in this increasingly tight labor market and a nation-wide shortage of younger workers, the benefits of an employer discriminating against qualified women because of expected costs of maternity leave will be countered by the decreasing pool of qualified male substitutes. [xciv] Employers who have invested in the training of employees want to retain them, even if employment is temporarily halted during parental leave. Some parents will prefer to stay home with children if they have adequate financial resources. Many will be willing to return to the workforce more quickly.

- An increasing complex family unit with stepparents, stepchildren, divorces, joint custody, and same sex unmarried partners create challenges when benefits are designed for the traditional family defined as biological children, natural parents, or married parents. [xcv] The 1993 FMLA recognized blended families by including stepchildren, biological children, adopted children, foster children, legal wards and legal guardians' children.
- 58% of leave takers were women, and 42 % were men. Men were more likely to take time off for their own illness, while women more likely to care for an ill family member.

Lessons from Europe

- Austria, Germany and Hungary have implemented polices that were designed to encourage labor force withdrawal by women following childbirth. In Hungary where 60% of new mothers stay out of the labor force for full three years after childbirth, when the benefits expire.
- Finland, Sweden and Hungary family and work policies placed importance on incentives for labor force attachment, and have succeeded. [xcvi] By linking more generous paid and job protected post maternity leaves with prior work history, many women wait to qualify for a more generous cash benefit to leave. Strong incentives to defer childbearing give incentives for women to enter the labor force early and postpone childbirth. The success is dependent upon a favorable labor market.
- Most western countries offer some kind of maternity leave. The policies range from one year of paid leave in Sweden to twelve weeks unpaid leave in the United States. [xcvii]Some countries require prior labor market status for eligibility (Canada, Great Britain) while others do not. (Germany, Sweden). Mandatory leave is specified in Austria, Sweden and France. Many countries offer leave for both mothers and fathers. Fathers are less likely to take leave than mothers. The differing leave policies are structured as paid or unpaid, parental or maternal, duration, eligibility, and part-time or full-time.
- Christopher Ruhm analyzed parental leave policies in Europe, and concluded that depending on the length of the leave policy, effects varied. Short mandated leaves increased the participation of women in the labor force, and did not affect wages. Long mandated leaves had negative effects on women's employment participation and wages. [xcviii]

Labor Force Effects of Parental Leave

- Jane Waldfogel[xcix]assessed states in the United States and the effects of the FMLA in 1993 on women's wages and employment participation. The FMLA covers less than half of all employees in the private sector. Waldfogel finds that the FMLA did in fact lead to increased coverage and usage of maternal leave for working women without imposing significant costs in terms of lower employment or wages for women overall.
- If women are more likely to take leave and return to the work force as a result of job-protected leave, we expect a positive employment effect of the FMLA. If employers pass the costs of FMLA benefits to the parents, we might observe a negative employment effect. Employment effects for women overall were negligible or offset by positive effects (Waldfogel, 1999).
- One hypothesis of wage effects is that the wages of women will decrease as employers pass the costs of mandated benefits to those that benefit. If women value the benefit, the decrease in wages would equal their willingness to pay for the benefit. The other hypothesis is that women's wages will increase due to the protected job status when they return to work. Lastly, the two could offset each other. The study shows a zero net wage effect for women. Extending coverage to the remainder of the workforce is likely to have minimal costs and substantial benefits, such as improved child health and developmental benefits.

Government

- In 1997, California passed legislation, which extended FMLA coverage. Parents and guardians can leave work for up to 8 unpaid hours a month with a maximum of 40 annual hours to attend children's school and daycare activities (Family School Partnership Act).
- The Department of Labor is paving the way for states to use unemployment insurance benefits as a partial wage replacement for new parents.[1]Since August 2000, the Department of Labor has been offering States the opportunity to use Unemployment Compensation (UC) benefits to parents who take family leave after the birth or adoption of a child. The program is voluntary and experimental and based on the results of the 1996 study by the Commission on Family and Medical Leave, which indicated that parents were not able to take needed leave because they could not afford it. The intention

of the UC program is to increase the incidence and length of leave-taking of new parents. The desired effect is increased parent-child bonding, more time to make stable child care arrangements, and promoting long-term attachment to the workforce.

- Currently the Department of Labor is undertaking two surveys, one for employers and the other for employees, to assess the impacts of the FMLA. The surveys were sent out in July 2000.[c]
- The Pregnancy Discrimination Act of 1978 requires that any employer with a medical disability leave plan offer the same coverage during pregnancy.
- Many states' workers compensation plans offer women paid time off after the birth of a child, a policy that can substitute for paid maternity leave.
- A 1987 study of the American Federation of State, County, and Municipal Employees (AFSCME) studied contracts of their members and found that 72% provided maternity or paternity leave with over half with leaves over four months.

<u>Employers</u>

Costs and Effectiveness of Benefit

- A GAO report estimated that employers have minimal costs because of parental leave policies allowing absences from work due to childbirth or illness. The estimated costs to employers are largely the cost of maintaining health insurance during the leave. Reduced productivity and retraining costs can be considerable if employees do not return to work.
- According to the Employee Benefit Research Institute (EBRI), the costs of providing paid sick leave was $0.19 per hour worked in 1999.
- The F ML Commission Survey of Workers and Employers showed 90% of employers affected by the law reported no or small costs associated with administering the FMLA. More than 85 % of employers reported no noticeable effects of FMLA on employee turnover, absences or productivity. [ci]
- The average employer's cost for an employee on leave was $250/month in 1993 dollars, which is the cost of maintaining health insurance. Other costs of hiring a replacement worker were not evaluated. (Waldfogel, 1999)
- A 1990 GAO report estimated a proposed pre-FMLA federal family leave benefit to cost approximately $4.50 per year per employee covered.
- Of the employers surveyed (Report to Congress on FMLA, 1996), 89.2% reported a small increase in costs in administering the FMLA. Over 90% of covered work-sites experienced no or small increased costs associated with continuing employee benefits. 95% reported no or small increases in costs with respect to hiring and training, and 98.5% report no or small costs increases in other areas. 41.7% of larger employers with over 1000 employers reported a moderate to large increases in administrative costs as the result of the FMLA. 28.9% of large firms report moderate to large increases in costs to provide benefits.
- Very few work-sites reported significant cost savings. 10% of firms with 251 to 500 employees reported some cost savings from complying with FMLA.
- Reduced employee turnover may have produced significant savings. Recruiting, hiring, and training an employee can costs 50% to 150 % of an annual salary according to one Human Resource manager. A large majority of employers reported no noticeable effect in employee performance or business performance due to the FMLA. 12.6% report positive effects on employee productivity, and 8.3% report positive effects on employee career advancement. 34.1% report a positive effect on employees' ability to care for family members. The service sector reports the most positive effects of the FMLA and the manufacturing sector the least. In firms with 1000 or more employees, negative effects in employee productivity are reported by 27.6% of employers.
- Voluntary workplaces and complying workplaces show some different results, with complying workplaces more likely to report negative employee productivity effects than voluntary ones. [cii]
- The negative experiences anticipated by non-covered workplaces are far greater than the actual reported negative experiences of complying with the FMLA. Contrary to common belief, smaller employers report the FMLA less burdensome to implement than larger businesses.
- The costs of the Act to employers seem relatively small. Some employers report cost savings. The Employer Survey indicates more difficulty for larger work-sites with compliance and administration of the Act. This may be the result of startup costs of the Act. Employers who had actual leave takers noticed enhanced productivity. Further research is needed to assess the relative costs and benefits experienced by covered and non-covered work-sites.

Employees

Benefit Incidence

- The FMLA had a positive effect on leave taking, expanding utilization of leave and increasing awareness of leave benefits. The FMLA has caused a 23% increase in leave-taking by women with children under the age of 1 in states without a prior law on parental leave (1995). In all states, women with children under 1 experienced a 7.6% increase in employment in 1995. The FMLA has had a large impact on medium-sized firms in states where no prior law was in effect (Waldfogel, 1999).
- According to the Employee Benefit Research Institute (EBRI), 56% of full time employees in medium and large private businesses received paid sick leave in 1997 (not for family members). The average length of paid sick leave was 11.2 days after one year of service and 12.1 days after 25 years of service. According to a study by Hewitt Associates in 1997, the average annual utilization of individual paid sick leave was 5.6 days for full time salaried employees, while exempt salaried employees used 3.8 days. Union hourly employees utilized 5.5 days, while non-union hourly employees used 4.8 days.
- In 1997, 93% of full-time employees in medium to large businesses were eligible for unpaid family leave as regulated by the FMLA. Only 2% of full-time employees were eligible for a paid family leave benefit in 1997.
- According to the Department of Labor (DOL), an estimated 67 million employees were eligible to receive FMLA benefits in 1997. Most complaints by employees to the DOL stemmed from companies refusing to reinstate an employee. The DOL successfully resolved 90% of all complaints.
- 3% of workers in the Family Medical Leave Commission survey had used the unpaid leave benefit provided by the FMLA. The average length of leave was 37 days out of the 12 weeks provided by the Act.
- A sharp rise in maternity unpaid benefits occurred from 1988 to 1993 according to the Employee Benefits Survey. Small and medium sized firms provided unpaid family leave to 33% of companies in 1988 compared to 60% in 1993, in the middle of the implementation of the FMLA. [ciii]
- There has been no upward trends of *paid* family leave benefits over time, with 3% of firms offering it in 1993 compared to 2% in 1988. Paid personal leave benefits have declined from 24% to 21% in the same time period. The evidence suggests the trends of family leave are attributed by federal mandates rather than efforts on the part of benefit designers. [civ]
- The percentage of full time employees in medium to large firms whose employers provide maternity leave were 35% in 1988, 63% in 1993 and 86% in 1996. Paid maternity or paternity leave remained negligible during the same period. (0 – 3%)
- The 1994 survey by the Family and Medical Leave Commission found that 46% of all workers were covered by FMLA, primarily by 11% of all firms that employ 60% of all workers. A quarter of employees did not qualify due to working less than 1250 hours the previous year. Two-thirds of employers changed their policies due to the FMLA. Firms either offered job-protected family and medical leaves for the first time or expanded their coverage.
- Prior to the FMLA, a Bureau of National Affairs report indicated that 23% of firms surveyed made allowances for taking personal leave and 77% offered leave without pay. [cv]
- About 2/3 of firms with over 250 employees reported a positive effect of the FMLA in helping employees care for family members.

Costs and Benefits to Employees

Pre-1993

- Workers lost an estimated $100 billion dollars annually in lost wages due to birth or adoption and their own or family members illness. (1991)
- Earnings foregone the year after a birth and the next two years are $14,400 (1986 dollars).

Post-1993

- The loss in earnings of women who do return to work after childbirth is estimated to be $12.9 billion dollars annually or $8460 per woman. 70% or working women who have babies return to work within two years, approximately 1.5 million women annually.
- Women with leave lost 51% of their pre-birth yearly earnings.
- Workers who undergo illness lose $100 billion in lost earnings annually or $4,796 per worker over a three-year period.

- Leave needers were workers who needed leave but were not covered by the Act. They tended to be hourly workers and from low-income families. The most frequent reason for leave needers not to take leave is they couldn't afford it. (64%) 40% of employees report they are likely to take leave for an FMLA reason sometime within the next five years, the largest of who are between 25 to 34, a group likely to experience caregiving demands.[cvi]
- Overall, over three-quarters of leave taking employees did not report being worried about losing their jobs, hurting their chances for advancement, or losing seniority.
- Overall, employees report satisfaction with the amount of leave they took. Women, non-whites, and non-salaried workers report negative experiences with trouble getting leave, dissatisfaction at length of leave, and job-related worries of taking leave. These employees are less likely to receive wage replacement, are ineligible for leave, or have difficulty in affording leave. One-third of hourly workers receive full pay during leave, while three quarters of salaried workers receive full pay during leave. 43% of hourly workers are unpaid during leave.
- 9% of employees in the survey had to use public assistance to compensate for lost wages during leave. Lack of wage replacement during leave was more pronounced for younger workers, workers with incomes below $30,000 and hourly workers.
- 22.1% worried over losing their jobs through taking family leave. 21.9% were concerned that leave hurt their chances for advancement. 12.8% were concerned about losing seniority.
- Knowledge and attitude of leave takers' supervisors played a role in influencing the quality of leave.
- The FMLA has made a significant difference to employees trying to sustain family lives and work lives. The fact that jobs are guaranteed and health benefits continued has had a positive impact on employees' ability to meet both work and family responsibilities. By including family leave for ill children, spouses or parents, leave benefits have greatly expanded in many workplaces. [cvii]

Outcomes for Families: Child Health and Development

- A more extensive leave policy beyond the twelve weeks offered by the FMLA is based on the idea that parental care is better than non-parental care and that it strengthens families. [cviii]Another argument is that it allows women the choice between caring for her young children or working. Most research suggests that parents working full time does not harm children over the age of 1. [cix]The evidence of the harm to children of working during a child's infancy is mixed.
- Christopher Ruhm has studied the effects of parental leave on child health and concluded that parental leave is favorable and a potentially cost effective method of improving pediatric health. The most likely reasons are that work absences provide parents with additional time to invest in children, such as taking their child to receive medical care and increasing a mother's ability to breast-feed. Improving the quality of child care and breast-feed programs at the workplace are other alternatives he cites in improving children's health. Data from European countries with paid parental leave policies were analyzed. [cx]

<u>Conclusion</u>

- The Family Medical Leave Commission's report (1996) recommends that employers offer wage replacement for all leave takers. Not being able to afford leave is the primary cause of not taking it for eligible workers. Many employers already provide paid leave through sick leave, disability insurance, paid childcare leave and others. Employers should consider voluntary temporary disability insurance and provide wage replacement during family and medical leave.
- Unions should consider negotiating the expansion of existing benefits for wage replacement to cover periods of family and medical leave.
- States should consider extending unemployment insurance programs to provide wage replacement during family and medical leave.
- Employers can take steps to make sure workplaces are more family friendly, such as flexible work schedules, part time jobs, telecommuting, facilities for nursing mothers to pump breast-milk at work, on site child care, and dependent care benefits.

IV Flexible Scheduling

Executive Summary

Flexible work arrangements have been found to improve productivity, lessen job turnover and decrease employee stress. Flexibility aids in retaining and recruiting employees. [cxi]

Flexible scheduling refers to variable times when we work and includes flextime, compressed workweeks, and shift work. The total number of hours worked remains the same. Flextime is a change in scheduled hours worked, and not a reduction of hours. Flextime refers to what time workers come to and leave work and may ease work and family conflicts. Shift work may increase work-family conflicts.. Part time work can speed up a mother's return to the workforce. Flexiplace refers to flexibility of where we work such as working from the home in the case of telecommuting.[cxii]

The United States has seen a rapid growth in flexible scheduling, up from 12.5% in 1985 to cover 28% of all full time employees (25 million workers) in 1997. 29.4% of state employees have flextime (1992). [cxiii] *The occupations where flexible scheduling is most common are managers and professionals, with nearly 39% reporting flexible scheduling in the Current Population Survey. 44% of working parents have access to traditional flextime.*[cxiv] *26% can change work schedules on a daily basis. Low-wage workers are less likely to have this option.*

Employers increasingly realize that flexible scheduling does not cut productivity but allows working parents to be more efficient and focused at work. A study estimated the effects of flexible and compressed workweek schedules on job satisfaction, performance, absenteeism, and productivity as positive. [cxv] *The Business Work-Life Study (1998) found 18% of companies reported that the costs of flexible scheduling outweighed the benefits, while 37% report cost-neutrality. 46% reported a positive return on investment.* [cxvi]*According to the nationally representative National Study of Changing Workforce (1997), 45% of employees are able to choose when they begin or end their workday. Workplace support, defined as flexibility in work arrangements, support by supervisors and workplace culture, equal opportunity, and coworker relations, were far better predictors of job retention, job satisfaction, employee performance and commitment than individual benefits*[cxvii]*. Resistance by managers included fears they could not adequately supervise subordinates' work under alternative work schedules. Contrary to these fears, organizations that offered flexible schedules reported no adverse effects and often enhanced their ability to serve customers' needs (1994).*[cxviii]

Flextime improves basic work conditions by allowing adjustments in commute hours, reducing stress about tardiness, and shifts management's oversight away from attendance.[cxix] *Flextime helps families by allowing a family member to arrange prioritized time with family, and reducing scheduling conflicts between work and family such as childcare hours or medical appointments.*[cxx]

Retaining valuable employees, even on a part-time scaled back flexible schedule, costs a firm less than hiring an inexperienced worker and makes it hard for competitors to recruit them from a family friendly company. Inflexible work rules are a major reason that many people leave big corporations. [cxxi] *A nationally representative sample of U.S. workers indicate 38% of parents might be willing to change jobs to gain access to flextime, compared to 27% of non-parents. Mothers were more willing than fathers were to trade job advancement for flextime (41% vs. 31%). The desire to make tradeoffs for more flexibility at work was found more significant between mothers and fathers than parents and non-parents.* [cxxii]*A 1985 study of 2000 employees comparing employees with flexible schedules versus standard hours found 89% of flextime workers with dependent care responsibilities were satisfied with their work schedules compared to 62% of those on fixed schedules. Three-quarters of flextime users reported improved job satisfaction and ability to take care of family obligations.*[cxxiii]

Research suggests flextime plays a modest role in solving work-family conflict. The returns to the company are greater, with reduction of tardiness, absenteeism and improved recruiting. Implementation of flextime programs is inexpensive, so the return on investment appears to be large for workplaces that allow flextime.

Flexible Scheduling

Definition

Flexible work arrangements have been found to improve productivity, lessen job turnover and decrease employee stress. [cxxiv] Flexibility aids in retaining and recruiting employees.

Flexible scheduling refers to when we work, that is on a variable schedule such as flextime, compressed workweeks, and shift work. The total number of hours worked remains the same. Flextime refers to what time workers come to and leave work and may ease work and family conflicts. Shift work may be inflexible for workers and increase work/family conflicts. Dependent care may be more expensive and difficult to find during non-traditional hours for workers with shiftwork, such as peace officers, fire fighters and nurses.

How many hours we work may be flexible in terms of reduced hours of work such as part time work, work sharing, or reduced work time. Part time work can speed up a mother's return to the workforce because as a newborn gets older, the marginal utility of the parent's time with the child decreases. Similarly contingent workers, part time and temporary workers who have rapidly increased in the U.S. labor force, give employers flexibility to match work load with work force and reduce labor costs. Some employees become contingent workers to have greater flexibility balancing work and family, but at a price of reduced benefits and wages. [cxxv] Flexiplace refers to flexibility of where we work such as working from the home in the case of telecommuting. Telecommuting has grown by 76% since 1991 to cover 3% of all employees in 1997. A study of telecommuting in California estimated employees working at home were 3% to 5% more productive. This may be the result of decreased interruptions. [cxxvi] After-school care conflicts were easier to resolve when parents worked at home.

Society and Incidence

Positive externalities to flexible scheduling include reduced commute times, reduced pollution and reduced traffic during rush hour. The United States has seen a rapid growth in flexible scheduling, up from 12.5% in 1985, 15% in 1991, to cover 28% of all full time employees or 25 million workers in 1997. Results from a 1988 survey of 521 corporations by the Conference Board reveal 50% offered flexible scheduling, 90% offered part-time employment, and 22% offered job-sharing.

The magazine Computerworld reported that information technology companies are increasingly offering flextime to attract employees in a tight labor market. A survey of 1,085 employers by Buck Consultants (1999) reveals 52% of employers offered flextime, 22% offered compressed workweeks, and 16% offered telecommuting. Management wanted to attract quality employees and retain valuable employees with the programs. 35% of firms were considering offering flextime.

Private sector employees were more likely to have flex-hours than public sector workers (28.8% vs. 21.7%). 34.5% of federal employees and 29.4% of state employees had flextime. [cxxvii] The occupations where flexible scheduling is most common are managerial and professional, with nearly 39% reporting flexible scheduling in the Current Population Survey. 64% of university teachers and scientists report flexible scheduling. Operators and laborers report the least flexibility at 14.6%. The inflexibility of these workers' schedules complement other studies reporting less-educated and low-income workers have a higher degree of stress between work and family compared to more advantaged workers.

The Families and Work Institute's nationally representative study reported in the *Business Work-Life Study* (BWLS, 1998) states two-thirds of businesses with over 100 employees allow alternative work hours on a periodic basis, the more traditional flextime benefit. 24% allow workers to change working hours on a daily basis. 44% of working parents have access to traditional flextime. [cxxviii] 26% can change work schedules on a daily basis. Low-wage workers are less likely to have this option.

A 1989 study of 521 companies indicated 50% offered flextime to their employees
In 1985, 12.3% of full-time workers had flexible work schedules and 42 states offered flextime to employees. A representative sample of Fortune 1000 companies indicates 77% offered flextime.

Employers

Employers increasingly realize that flexible scheduling does not cut productivity but allows working parents to be more efficient and focused at work. [cxxix] Here are some of the results of studies measuring productivity and costs of flexible scheduling from the perspective of the employer.

- A study estimated the effects of flexible and compressed workweek schedules on job satisfaction, performance, absenteeism, and productivity. The effects of both schedules were positive but diminished over time. The compressed workweek did not significantly affect absenteeism. [cxxx]

- The BWLS (1998) found 18% of companies reported that the costs of flexible scheduling outweighed the benefits, while 37% report cost-neutrality. 46% reported a positive return on investment.
- According to the nationally representative National Study of Changing Workforce (NSCW) by the Families and Work Institute (1997), 45% of employees are able to choose when they begin or end their workday. According to the study, workplace support defined as flexibility in work arrangements, support by supervisors and workplace culture, equal opportunity, and coworker relations were far better predictors of job retention, job satisfaction, employee performance and commitment than individual benefits. Unsupportive workplaces lead to negative spillovers to personal lives and reduce productivity. The report recommends providing high quality jobs and supportive workplaces rather than individual benefits. [cxxxi]
- For the employer, flexible staffing enables adaptability to insure a competitive advantage, and flexible scheduling insures workers can perform the juggling act to maintain an equilibrium between work and home life. This 'mutual flexibility' is a way to establish a set of tradeoffs between the needs of employers and employees. [cxxxii]
- In 1994, the US General Accounting Office recommended the federal government expand alternative work schedules for federal agencies to attract and retain employees. The report recognized the beneficial aspects of a supportive management when implementing flexible scheduling. Resistance by managers included fears they could not adequately supervise subordinates' work under alternative work schedules. Contrary to these fears, organizations that offered flexible schedules reported no adverse effects and often enhanced their ability to serve customers' needs. Mutual trust between managers and employees were critical to the success of a flexible work schedule program, and management support was a key reason for the success of a program. [cxxxiii]
- The Conference Board concluded that " flexible work schedules increase employee responsibility, independence and growth potential, motivating the employee." (1991) A review of studies reported that new flexible work schedules improved worker morale and did not result in abuses. [cxxxiv]Flextime improves basic work conditions by allowing adjustments in commute hours, reducing stress about tardiness, and shifts management's oversight away from attendance. Studies indicate an increase in employee morale, job satisfaction, job involvement, and work attendance. Studies of managers' attitudes indicated the strongest effects of flextime in reducing absenteeism and turnover.
- Ninety-two organizations experienced reduction in tardiness and absenteeism in one national survey. Three years after flextime was introduced, turnover was reduced in 64% of the firms.
- Flextime is an inducement to retain a jobholder, because business loses with the loss of employees who are difficult to replace or are at their peak of productivity. Retaining valuable employees, even on a part-time scaled back flexible schedule, costs a firm less than hiring an inexperienced worker and makes it hard for competitors to recruit them from a family friendly company. Inflexible work rules are a major reason that many people leave big corporations. [cxxxv]
- Of 196 companies in a particular study, (1978) 80% reported no change in administrative costs due to flextime programs.[cxxxvi]

Employees

Flextime is a change in scheduled hours worked, and not a reduction of hours worked. Flextime helps families by allowing a family member to arrange prioritized time with family, and reducing scheduling conflicts between work and family such as child care hours or medical appointments. [cxxxvii]

American workers are currently working more hours than in the past. The increase of employed mothers and dual earner families make flexible schedules an important alternative when juggling work and family conflicts. Women decide whether to return to work after childbirth based upon available quality and affordable childcare and potential for flexible work schedules. [cxxxviii]

- Studies have indicated employees were better able to spend time with families as the result of flextime.
- The number of work hours accounted for 26% of earnings inequality of men, and almost all earning inequality among women. [cxxxix]Women are still primary caregivers of the elderly and children and experience the most work and family conflicts. Caregivers of the elderly undergoing work and family conflict are more likely to cut back on work hours, causing lost earnings and benefits. [cxl] Flexible work schedules can enable men and women to better juggle work and family conflicts.
- A nationally representative sample of U.S. workers indicate 38% of parents might be willing to change jobs to gain access to flextime, compared to 27% of non-parents. Mothers were more willing than fathers were to trade job advancement for flextime. (41% Vs 31%) The desire to make tradeoffs for

more flexibility at work was found more significant between mothers and fathers than parents and non-parents. Benefits like flextime were less important than workplace conditions in predicting reduced stress, better coping, and less work-family conflict. [cxli]

- A 1985 study by the U.S. General Accounting Office of 2,000 employees comparing employees with flexible schedules and standard hour workers found 89% of flextime workers with dependent care were satisfied with their work schedules compared to 62% on fixed schedules. Three-quarters of flextime users reported improved job satisfaction and ability to take care of family obligations. [cxlii]
- A 1981 study of 325 employees suggested flextime enhanced the quality of family relationships and childcare. The study revealed that most flextime users came to work earlier, spent more time on housework, and gained more family time in the evening. [cxliii] 40% of women wanted their husbands to do more housework and 65%wanted them to assume more childcare responsibilities. Although flextime reduced work and family stress overall, mothers reported no differences regarding stress after having flextime, partly because they still juggled the same workload.
- Men complain most about excessive work hours while women complain about scheduling conflicts in one study. Scheduling control can moderate the relationship between stressful work schedules and family life. When workers have less control over work schedules than in their family lives, families make all of the adjustments. [cxliv]

Conclusion

Research suggests flextime plays a modest role in solving work-family conflict. The returns to the company are greater, with reduction of tardiness, absenteeism and improved recruiting. Implementation of flextime programs is inexpensive, so the return on investment appears to be large for workplaces that allow flextime. [cxlv]

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State Work and Family Programs:
Tennessee, Maine, Minnesota, Ohio, Vermont, New York
Executive Summary

- Many states have resource/referral programs, some for childcare, some for elder care and others for both. These programs have shifted their emphasis towards elder care due to the aging of the state workforce around the country. Many states have realized the need for far-reaching benefits that a resource/referral program can provide to a large portion of a state's employees. The case study of New York indicates the benefits outweigh the costs.

- Flexible scheduling programs (job sharing, flextime, reduced/compressed workweek, and telecommuting) are prevalent throughout the country, but have not met their full potential due to a lack of utilization. Massachusetts and New York are taking the initiative by placing an emphasis on telecommuting and Voluntary Reduction Work Schedule programs.

- Many states are moving to use insurance for paid FMLA leave by doing one of the following: expanding TDI benefits, creating a TDI program, or tapping into the state's UI funds.

- States offering direct financial support do so in the form of a childcare tuition reimbursement with the exception of New York, which contributes to the pre-tax dependent care account. Consequently, New York State employees have the option of applying this support towards elder care.

- Some states allow their employees to apply sick leave toward FMLA. If all of an employee's leave is exhausted, some states allow transfer of sick leave from one employee to another through a donation to a sick leave bank.

- Successful programs are structured around labor-management committees specializing in child/elder care and other family issues.

State Work and Family Programs

Tennessee, Maine, Minnesota, Ohio, Vermont, New York

Tennessee

Some states like Tennessee have a combination of a sick leave bank and donation program. In Tennessee, a member of the sick leave bank is eligible for a transfer of sick leave between employees. Recently, Tennessee's Department of Human Services ChildCare Resources and Referral Service added a toll-free licensing complaint line for parents. Parents can call the 1-800 number to file a child care complaint or obtain information on choosing childcare. The quality of childcare should improve through fear of investigation. The state will also be able to recommend better providers in the state and assist those providers that are struggling to meet the standards set by the State of Tennessee. The state of Tennessee complies with the FMLA by offering a 12-week leave for employees whether it is paid or unpaid. Under existing state law, thirty days of paid sick leave may be applied to care for a well child following birth. Sixteen weeks of leave is permitted for maternity leave. The state is under no obligation to provide health benefits during weeks 13 to 16 of maternity leave.

Maine

With 12,500 state employees, Maine offers childcare reimbursements determined on a sliding scale: up to $1,000/yr. for eligible employees with adjusted gross family income of less than $26,000. The reimbursements allow up to $700/yr. for eligible employees with adjusted gross income less than $31,000 and up to $500/yr. for eligible employees with adjusted gross income less than $36,000. Founded in 1987, the program had served 491 employees in 1999 at a total cost of $346,880. Administrative costs are absorbed by the individual agency. An eligible child must be 12 or under unless disabled. The provider cannot be a dependent and must be at least 19 years of age. Vermont modeled their program after Maine's.

The Maine government offers legislated flexible scheduling. Maine has implemented a work reduction program called the Voluntary Cost Savings Program through June 2001. This program includes reduced workweeks, sporadic leave, unpaid leave for up to a year, and job sharing.

Minnesota

Minnesota runs its own employee-assistance program capable of dealing with elder/child care issues. Last year's appropriations for the program amounted to $687,000 ($537,000 from the general fund and $150,000 from agency contributions towards employee insurance programs) for a state workforce of 53,000.

For more in-depth information on elder care, a state senior line is managed by the Department of Human Services. Minnesota is working towards making elder care the number one priority. Due to the aging of the state workforce (average age of 44) and the impending elder avalanche (baby boom generation begins turning 85 in 2030), the State of Minnesota through the Aging Initiative of the Minnesota Department of Human Resources has developed "Project 2030." The goal is to identify the impact of the aging of Minnesota's population. For the State of Minnesota to be a model employer, it must address the problems caused by the changing demographics. One solution is a flexible work arrangement initiative to balance work and life responsibilities. Flexible scheduling, seasonal work, and telecommuting are programs already in existence. "Phasing into retirement" is another option that can get extra years out of highly skilled, experienced labor force by reducing his/her work-hours.

There is a labor-management structure that specializes in childcare. The committee has 3 main objectives:

1) to disseminate information regarding existing on-site child care facilities and the feasibility of establishing such facilities,
2) to provide assistance regarding the establishment of on-site child care facilities,
3) to prepare informative materials on child care for employees

<u>Ohio</u>

The State of Ohio has developed a voluntary donation of leave system for its 63,000 employees. By allowing employees to identify whom they want their leave to go to, administration was simplified and employees experienced more satisfaction. Implemented on October 25, 1995, the employees must donate a minimum of 8 hours of leave and have at least 80 hours of remaining leave for themselves afterwards. Eligible recipients include those who have exhausted their own accrued leave and have a family member with a serious injury or illness. Donated leave cannot supplement an employee's approved disability leave benefits.

The success of the program can be seen in its frequent usage. Since implementation, 42,000 hours of leave have been donated to co-workers. The program costs the state very little, yet improves morale of the state workforce by allowing employees to come to the aid of co-workers in need.

The State of Ohio expanded the FMLA benefits. Adoption/childbirth leave for mothers or fathers is fully paid with accrued leave for the first two weeks and then at 70% of pay for the following 4 weeks. Eligible employees may elect to receive $2,000 for adoption expenses in lieu of receiving paid adoption/childbirth leave. The six weeks of paid leave is not counted toward the 12-week entitlement of FMLA for birth/adoption leave.

Ohio, like Maine and Vermont, also has a child care reimbursement program. However, besides adjusted gross family income, Ohio's program takes into account the number of children in a family. According to the most recent State of Ohio and Ohio Civil Service Employees Association (OCSEA) Collective Bargaining Agreement, childcare reimbursement will be prorated as follows:

Adjusted Gross Family Income	One Child	Two Children	Three or more/ each child	Family Maximum
Less than $25,000	$500	$800	$100	$1000
$25,001 to $30,000	375	600	75	750
$30,001 to $35,000	250	400	50	500

A pre-tax dependent care account program is available to all state employees.

Texas

Texas offers child care reimbursements and state tax credits for the 154,000 full-time State employees. There is a day care center near the state capitol, and referral services are offered for child/elder care through Texas Workforce Commission. Paid sick leave can be applied towards FMLA, not affecting the 12 weeks of unpaid leave. Parental leave for up to 12 weeks is being extended to those who are ineligible for FMLA coverage

A proposal to charge state agencies 75 cents per full-time employee will provide the Texas Work and Family Clearinghouse a stable funding source of $115,000 for the work-family facilitator.

Vermont

Vermont has set up the State-VSEA (Vermont State Employees Association) Child-Elder Care Commission through a labor-management initiative that is contracted to receive $75,000 per year from the state for 2000 and 2001. The commission is charged with overseeing assistance programs such as resource and referral networks for child/elder care, seminars, and the reimbursement program.

The reimbursement accounts are in their second year as a result of support indicated in employee surveys and feedback received on childcare. The requirements of the program stipulate that household income must be less than $60,000 and the childcare is paid to a registered facility. The maximum benefit per household is $750, and is available to those who spend at least $500 dollars for regular, on-going work related child care for children 13 years or younger. There are childcare tax credit implications in accepting a reimbursement. Pre-tax accounts enhance savings. Eighty employees have received reimbursements this year up from 29 last year. With limited funds, the number of applicants affects reimbursement amounts.

The resource/referral networks run many services. The ChildCare Resource Center (infants and children through age 12) offers referrals for day care facilities, brochures to camps and other helpful advice. Counselors will listen to particular needs, consider the geographic area, hours of need, specific interests of the child, as well as any financial concerns in order to suggest an appropriate day camp, recreational program or licensed/registered day care provider. Furthermore, for elder concerns, the state contracts for Eldercare Options which is a free program offering a toll-free telephone-based consultation and referral to assist employees who have eldercare needs, including questions on the aging process, communication, housing, transportation, legal issues, and caregiver stress.

In order to bring high quality childcare to the State of Vermont, a Child Care Trust Fund was set up. The $10,000 initiative is used to attract and train childcare employees. The program works by adding compensation to standard child care worker wages if they attend the Vermont ChildCare Apprenticeship Program. In addition, the Committee, Department of Buildings & General Services, and a representative from the Senate President's office are collaborating on a project to create a child care facility within the Capitol Complex. $15,000 was appropriated in Vermont's Capital Bill for a feasibility study. .

A Joint Resolution was passed by the General Assembly that promotes breast-feeding practices and establishes a study that creates places in State buildings for breast feeding. This is a fairly new initiative that has origins in the federal government.

State Initiatives on Paid Leave

Temporary Disability Insurance (TDI) Benefits to Expand FMLA Coverage

New Jersey is one of only five states including New York, California, Rhode Island, and Hawaii that mandates Temporary Disability Insurance for family leave. Under the New Jersey Temporary Disability Benefits Law, cash benefits are payable to an individual who leaves employment for the birth of a child. Maternity payments from the Temporary Disability Insurance Fund usually consist of a four week period before the expected delivery date and up to six weeks after the actual delivery date. Legislation has been introduced that would expand coverage of leave for the care of a seriously ill child, parent or spouse, or for the birth or adoption of a child to 24 weeks if combined with pregnancy or other disability leave. Payments of up to $350/wk would come from the TDI Fund.

In New York, the disability benefits program has provided paid leave to employees since 1950 for non-work related disabilities. Since 1977, pregnancy and recovery have been included in the coverage. Legislation similar to New Jersey's is being introduced in the NY General Assembly. Assembly Bill 9463, introduced by Assembly Labor Committee Chair Catherine Nolan on February 26, 1998, would provide benefits to employees who take family leave, i.e. care of a new child (newborn, adopted or foster) or care for an ill child, spouse or parent. New costs associated with this amendment would result from providing benefits to two groups: those who currently take family leave and those who do not because they cannot afford it. Among the first group are those who take unpaid leave now and would receive disability benefits under the new legislation and those who take paid leave through sick, annual, or personal leave application. Of those who could not afford leave, the bill could provide up to 12 weeks of wage replacement benefits.

Some propose that this pool and other pools like it (i.e.,Unemployment Insurance [UI]), would become insolvent, especially due to abuse. The benefit is only partial wage replacement, thus people are not able to fully recoup lost wages. States could force their employees to use their paid leave first while others might give people a choice. However, the most cost effective implementation of this benefit would be to use a combination of paid leave with a 12 week limit on FLMA.

No states currently cover all facets of FMLA with TDI wage replacement. Many states have bills pending that would solve the problem of wage loss during FMLA leave. Some have even contemplated tapping into their unemployment insurance (UI).

In California, a law was passed in July of 1999 that would allow employees to apply their own sick leave to FMLA. Sick leave in states is usually limited to being used only on oneself or occasionally on others, but not for a lengthy duration like FMLA. In Massachusetts, two bills have been introduced in the 1999 session to provide partial wage replacement under two different insurance programs, TDI and UI. One of these bills is similar to the New York temporary disability system. Length of leave exceeds the FMLA coverage allowing a maximum of 26 weeks. After eight consecutive days of disability, wages are replaced at one-half the weekly rate up to $170. In New York, paid family leave is being considered through bill A08994 with UI funds. TDI is being favored in NY due to lower employer costs since employees pay all or some of the costs in TDI plans. At the group rate, the benefit provides a pooled risk.

A Federal Program: Unemployment Insurance (UI) Benefits to Expand FMLA Coverage

The controversy in UI application toward family leave rests in the language of UI laws in most states. Most of the laws require a worker be available to take another job while unemployed. Even with this objection, under the direction of President Clinton, the Department of Labor has granted permission to the states to use their UI funds for care of a newborn or adopted child, the BAA-UC initiative (Birth and Adoption-Unemployment Compensation). The Department of Labor's (DOL) Final Rule that went into effect on August 14, 2000, provides model state legislation to make it easier to pass the DOL's BAA-UC initiative.

Many states have pending legislation concerning the use of UI funds for the purpose of parental leave. Some extend to all aspects of FMLA including personal sickness and care for a sick family member. Connecticut is one of those states considering this broader application. Debate in the State of Connecticut General Assembly started this past February. Discussion started even earlier in Vermont when State Senator Illuzi sponsored a bill (S.305) for birth and adoption unemployment compensation. One failure to pass the BAA-UC Initiative came earlier this month in Massachusetts, one of the first four states to introduce BAA-UC legislation. The US Labor Department estimates a paid leave program would cost Massachusetts $34 million a year. Washington is another one of the four states considering BAA-UC and, like Massachusetts, has a strong grasp on the financial ramifications of such a proposal. New York and Vermont are also well on their way in legislating fundamental changes in their UI system.

These UI funds have swelled due to the prosperity of the 1990s. If states experience a recession, the question remains whether they can handle the increased demand in unemployment benefits and family leave benefits. The Labor Department was confident enough in the findings that came out of the economic analysis of the BAA-UC plan performed on May 24, 2000 to propose the final rule on June 13, 2000.

The Implementation of Family Friendly Benefits in New York:

A Model Program

New York State has the most innovative and family-friendly employee initiatives in the country. Last year alone more than 8,400 State employees (5% of the total workforce) took advantage of family-friendly benefits. The programs are funded by the Governor's Office of Employee Relations (GOER), the Civil Service Employees Association (CSEA), Public Employees Federation (PEF), Council 82, United University Professions (UUP), District Council 37, and the Graduate Student Employees Union (GSEU). In 1981, the New York State Labor/Management Child Care Advisory Committee (NYSLMCCAC) was negotiated by the two largest public employee unions (CSEA and PEF). The NYSLMCCAC consists of 6 union representatives (one from each union) and 3 management representatives. In addition, the Family Benefits Committee (FBC) is an advisory board of state employees, which provides technical assistance and oversight. The labor-management advisory committee, which meets quarterly, generally defers to FBC recommendations, but does make the final decisions (using a consensus process). This structure allows the committees to be more effective in promoting family-friendly policies and adaptive in response to the changing needs of working parents.

On-site Childcare Centers

The first child care center in the network was developed at the Empire State Plaza in 1979 by Debbie Miller, the current Director of the Family Benefits Committee. Under her guidance, 40 more sites were opened in the 1980s, and there are currently 50 such sites. Fees are based on various sliding scales. Priority goes to children of State employees, but if enrollment is low, the public can use the extra slots. Providing on-site childcare through non-profit organizations formed by local labor/management committees of volunteers has been an innovation that has helped limit liability for the state (because non-profits waive their right to sue the state in exchange for funding). Liability insurance runs at a reduced cost of only $5,000-$6,000 per year. The not-for-profit management structure allows agency employees to serve on an autonomous board, allowing each center to cater to the specific needs of a workplace.

The primary operational challenge is financial feasibility. Recent reductions in funding, combined with employee concerns for equitable benefit distribution, have led to smaller allocations for state-sponsored childcare. Only about 2%, or 3,000 of New York state employees are eligible for the childcare centers, while the resource and referral system is utilized by more than 35,000 employees. In 1997-1998, $2.35 million went to the Network ChildCare Centers out of $2.8 million in total expenditures, dropping to $1.34 million in 1999-2000. By 2003, only $370,000 will be spent on the on-site centers. The 1999-2003 State/PEF Agreement of approximately $1 million allots 5% annually for financial support of the childcare centers, 20% for resource and referral services, and 70% for dependent care account contributions (by the last year of the agreement). Grants are distributed to the centers based on enrollment and percentage of low-income parents served. Enrichment grants for the childcare will be phased out by April 2001, although agency support, technical assistance, and training for childcare providers will continue. In 1998-1999, money for training dropped to $25,000 per year from past levels of more than $100,000 annually. In the 1980s, expenses were much higher largely due to center startup costs (approximately half a million dollars each), while the focus in the 1990s was on maintaining of quality and affordability without expansion.

The centers offer a variety of services whose fees can be conveniently deducted from an employee's paycheck. In addition, some offer before- and after-school programs (including transportation to and from school), summer camp programs, and one center provides care for the mildly ill. At the Rockland Psychiatric Center the Under the Weather program cares for moderately and mildly ill children up to 12 years of age. The program employs a full-time registered nurse and has three rooms to separate children with various ailments. In 1999, NYSLMCCAC provided supplemental funds to abate the cost to employees. From April through December 1999, the program clocked a total of 117 hours. Proximity is the key element in the popularity of these day-care centers, but the hours are important, too. Off-site private childcare centers can serve people with differing schedules, but these on-site centers serve people working generally the same hours, usually the normal business hours of the agency or building they serve. Even correctional facilities, which need more assistance due to nontraditional work schedules, have centers.

The State assures that a work site center is a licensed program, and helps fund staff training and center accreditation programs. In fact, 18 of the 50 State work site child care centers have received accreditation from the National Academy of Early Childhood Programs, meaning the program exceeds the standards required by state licensing, and 17 other centers are using NYSLMCCAC Pre-Accreditation Grants for assistance to pass the accreditation process. They receive an additional $5,000 in their operating grants to cover accreditation costs. The centers also pay higher wages in order to retain and recruit the best caregivers because staff turnover is a problem. A Work and Families Initiative Fund awards grants of up to $1500 for dependent care seminars and other such initiatives conducted by either network childcare centers or local labor-management committees. An average of ten grants given annually have resulted in work/family newsletters, seminars with topics ranging from infants and toddlers to teenagers and older adult care, work and family information fairs, and parent resource areas in the workplace. This program was intended to strike a balance and help caregiver employees who can not afford on-site childcare.

<u>Reimbursement Accounts</u>

In addition, monetary benefits such as the Dependent Care Advantage Account (DCAA) have become popular. In 1991, New York State instituted a DCAA program, and by 1995, estimated savings in reduced Social Security (FICA) [employer] taxes of $862,000. The savings to state employees due to reduced taxes have averaged $1500 per year**.** Last year, more than 3,000 employees participated in the program, saving a total of $5,100,000. Contributions range from $200-$400 and are based on an income-sensitive sliding scale (the employee's gross annual salary must be less than $55,000). These dollar amounts may be increased or decreased depending on the amount of negotiated funds remaining and the number of employees participating. One drawback of this pre-tax account is that many employees do not participate in this program because they rely on informal childcare providers in private homes who do not necessarily report taxable earnings.

A third party administrator handles claims and the FBC runs the enrollment number and processes family status changes. The contributory funds are deposited by the state into an individual's DCAA, and can be accessed for immediate use starting at the very beginning of the year. Due to a "use it or lose it" policy, NYSLMCCAC staff contact each employee at the end of the plan year who still have remaining funds in their account to make sure they use the remaining funds. They report a high level of satisfaction with the program and steadily increasing enrollments (currently 3,200). The NYSLMCCAC also provides assistance to help employees take advantage of the New York State tax credit. The Internet has enhanced awareness of the program, and the website received more than 10,000 hits in its first month of operation (Fall

1999). A toll-free hotline and assistance from the unions also helped raise awareness of the program and increased enrollment over the previous year.

Resource and Referral

Resource and referral services that help employees find affordable care providers are very popular and will be expanded in new contract negotiations. Currently, $340,000 per year is being spent on this young program serving at a rate of $9.34 each, but funding is expected to increase to $1.4 million. Ten percent of eligible employees (approximately 36,000) utilize the Child and Elder Care Resource and Referral Service, operated by Ceridian Performance Partners of Pennsylvania. The service is accessible 24 hours a day, and is available on the Internet and by a toll-free telephone number. Services include consultation, individualized referrals to community resources, free booklets, audiotapes, tipsheets, and seminars.

Other Programs

New York State is one of several states offering voluntary reduction in work schedule (VRWS) programs. The purposes of VRWS programs are: 1) to provide agencies with a flexible mechanism for allocating staff resources; and 2) to permit employees to reduce their work schedules to reflect personal needs and interests. Participating employees may reduce their work schedules (and salaries) a minimum of 5% in increments up to a maximum of 30%. Employees participate on an individual basis developing their own plan for a reduced work schedule, such as a shorter workday, shorter workweek, block of time (or extended vacation) and intermittent days. Management reviews and approves the plan as long as it is consistent with operating needs. Telecommuting is also an established program for New York State employees. There are agreements between the Governor's Office of Employee Relations and the major unions to support development and implementation of telecommuting programs. Like many other states there is a formalized leave donation program. The intent of this program is to assist employees who have exhausted accrued leave due to personal long-term illness. During 2001, the unions and the state will review the ability to offer leave donations across agencies for employees other than family members.